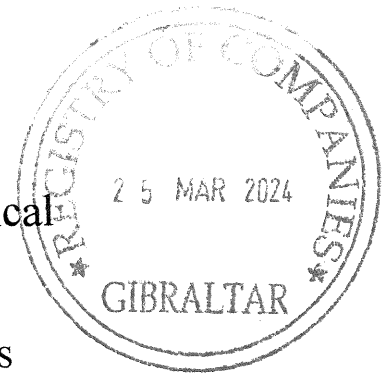


**GOVERNMENT
RECOVERY**

**Gibraltar Mechanical and Electrical
Services Limited**



REPORT AND FINANCIAL STATEMENTS

31 December 2018



CO-99257-2708169
Gibraltar Mechanical and Electrical
Document 461 (27)
ANNUAL FILING OF ACCOUNTS
YEAR ENDING 31/12/2018

Gibraltar Mechanical and Electrical Services Limited

DIRECTORS, OFFICERS AND OTHER INFORMATION

DIRECTORS

Gibraltar Investment (Directors) Limited
Michael Caetano
Gareth Flower

SECRETARY

GOC (Secretaries) Limited

REGISTERED OFFICE

206-210 Main Street
Gibraltar

AUDITORS

EY Limited
Chartered Accountants
Regal House
Queensway
Gibraltar

Gibraltar Mechanical and Electrical Services Limited

DIRECTORS' REPORT

The directors present their report and accounts of Gibraltar Mechanical and Electrical Services Limited ("the Company") for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is employment and secondment of staff. Members of staff are seconded to AquaGib and HM Government of Gibraltar's ("HMGoG") Garages & Workshop Department. Additionally, a number of employees employed by the Company used to work at the Ministry of Defence ("MOD") power station. Since the decommission of this power station these employees assist in the running of the ex-MOD high voltage distribution network. The Company receives income from AquaGib, the Gibraltar Electricity Authority and HMGoG to cover the costs incurred by the Company.

REVIEW OF THE BUSINESS

The directors consider the state of affairs of the Company to be satisfactory.

POST-BALANCE SHEET EVENT

The directors note that the Company's principal activity is employment and secondment of staff and that its focus is not on profit generation. The Company incurs expenses that are not all fully recoverable hence its operating model is a loss-making one. The directors have assessed that the COVID-19 does not have an impact on the Company. In mid-March 2020, the Company implemented social distancing measures taking account the public health advice. Whilst the Company has remained operational throughout the COVID-19 lockdown, the directors have requested and received confirmation in writing from the ultimate parent entity that it will provide the necessary financial support to the Company to continue to meet its financial commitments for at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements are prepared on a going concern basis.

The second lockdown in January 2021, once again saw the implementation of social distancing measures as case numbers and hospitalisations increased exponentially. Services to the public remained uninterrupted throughout the lockdown periods by utilising both established and new working processes which allowed the Company to continue its electricity production services.

There have been no other events subsequent to the balance sheet date that require adjustment or disclosure in the financial statements.

RESULTS, DIVIDENDS AND MOVEMENTS ON RESERVES

The results for the year are shown on page 8. The retained loss for the year of £208,540 (2017: loss of £246,282) has been transferred to reserves. The directors do not recommend the payment of a dividend.

DIRECTORS

The directors of the Company during the year and to the date of signing of these financial statements were:

Gibraltar Investment (Directors) Limited

Michael Caetano

Gareth Flower

appointed on 19/01/2022

None of the directors had any beneficial interest in the share capital of the Company during the year under review.

Gibraltar Mechanical and Electrical Services Limited

DIRECTORS' REPORT

AUDITORS

A resolution to appoint EY Limited as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



Director

**For and on behalf of
Gibraltar Investment
(Directors) Limited**

Date..... **05 DEC 2023**

Gibraltar Mechanical and Electrical Services Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the requirements of the Gibraltar Companies Act 2014. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GIBRALTAR MECHANICAL AND ELECTRICAL SERVICES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gibraltar Mechanical and Electrical Services Limited (the Company), which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of the Company's loss and cash flows for the year then ended;
- have been properly prepared in accordance with Gibraltar Financial Reporting Standards; and
- have been properly prepared in accordance with the Companies Act 2014

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 257 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GIBRALTAR MECHANICAL AND ELECTRICAL SERVICES LIMITED (*continued*)

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and true and fair presentation of the financial statements in accordance with applicable law in Gibraltar and Gibraltar Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GIBRALTAR MECHANICAL AND ELECTRICAL SERVICES LIMITED (continued)**

Report on Other Legal and Regulatory Requirements

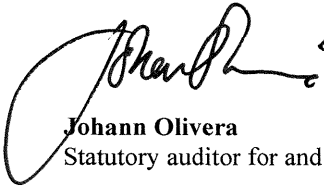
Opinions on other matter prescribed by the Companies Act 2014

In our opinion, the Directors' Report has been properly prepared in accordance with the Companies Act 2014 and the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2014 requires us to report to you if, in our opinion:

- we have identified material misstatements in the Directors' Report.
- we have not received all the information and explanations we require for our audit.



Johann Olivera
Statutory auditor for and on behalf of

EY LIMITED
Registered auditors

Chartered Accountants
Regal House
Queensway
Gibraltar

Date ...2.3..JAN.2024

Gibraltar Mechanical and Electrical Services Limited

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2018

	<i>Notes</i>	<i>2018</i> £	<i>2017</i> £
TURNOVER	3	41,048,199	37,755,815
Direct costs	4	(39,520,709)	(36,351,400)
GROSS PROFIT		<u>1,527,490</u>	<u>1,404,415</u>
Administrative expenses	5	(1,735,185)	(1,650,142)
OPERATING LOSS		<u>(207,695)</u>	<u>(245,727)</u>
Interest payable and similar charges		(845)	(555)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(208,540)</u>	<u>(246,282)</u>
Taxation	2	-	-
LOSS FOR THE FINANCIAL YEAR		<u>(208,540)</u>	<u>(246,282)</u>
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		<u>(208,540)</u>	<u>(246,282)</u>

The Company has had no discontinued activities in the year. Accordingly, the above results for the Company relates solely to continuing activities. These results are stated on a historical basis.

There is no other comprehensive income recognised during the year.

Gibraltar Mechanical and Electrical Services Limited
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 January 2017	1,500,000	(1,352,449)	147,551
Loss for the year	-	(246,282)	(246,282)
At 31 December 2017	<u>1,500,000</u>	<u>(1,598,731)</u>	<u>(98,731)</u>
Loss for the year	-	(208,540)	(208,540)
At 31 December 2018	<u><u>1,500,000</u></u>	<u><u>(1,807,271)</u></u>	<u><u>(307,271)</u></u>

Gibraltar Mechanical and Electrical Services Limited

STATEMENT OF FINANCIAL POSITION

as at 31 December 2018

	<i>Notes</i>	<i>2018</i> £	<i>2017</i> £
FIXED ASSETS			
Tangible assets	7	380,633	529,639
CURRENT ASSETS			
Debtors	8	7,133,919	7,715,698
CREDITORS: amounts falling due and payable within one year	9	(7,821,823)	(8,344,068)
NET CURRENT LIABILITIES		(687,904)	(628,370)
NET LIABILITIES		(307,271)	(98,731)
EQUITY CAPITAL AND RESERVES			
Called-up share capital	10	1,500,000	1,500,000
Profit and loss account		(1,807,271)	(1,598,731)
SHAREHOLDER'S DEFICIT		(307,271)	(98,731)

Approved by the board on **05 DEC 2023**



For and on behalf of
Gibraltar (Investment) Directors Limited
Director



Gibraltar Mechanical and Electrical Services Limited
 STATEMENT OF CASH FLOWS
 for the year ended 31 December 2018

	<i>Notes</i>	<i>2018</i>	<i>2017</i>
		£	£
CASH FLOW FROM OPERATING ACTIVITIES			
Loss on ordinary activities before taxation		(208,540)	(246,282)
Adjustment for:			
Depreciation of tangible assets	7	149,006	149,006
Decrease in debtors		581,779	1,377,907
Decrease in creditors		(521,400)	(1,280,076)
NET CASH INFLOW FROM OPERATING ACTIVITIES		<u>845</u>	<u>555</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest payable and similar charges		(845)	(555)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		<u>(845)</u>	<u>(555)</u>
NET INCREASE IN CASH		-	-
As at 1 January		-	-
As at 31 December		<u>-</u>	<u>-</u>

Gibraltar Mechanical and Electrical Services Limited

PRINCIPAL ACCOUNTING POLICIES

for the year ended 31 December 2018

COMPANY INFORMATION

Gibraltar Mechanical and Electrical Services Limited (the “Company”) was incorporated as a limited liability company on 3 August 2007. The registered office is as stated on page 1 and the principal activities are as stated on page 2.

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with Gibraltar Financial Reporting Standards (GFRS) 102, being applicable Gibraltar Accounting Standards (Gibraltar Generally Accepted Accounting Practice).

The Company has applied the latest standards as issued in March 2018, which reflects the amendments made as part of the Triennial Review 2017. The Triennial Review amendments have had no material impact on the financial statements of the Company. The Company is also subject to the requirements of the Companies Act 2014.

The financial statements are prepared in Pounds Sterling (£) which is the functional currency of the Company and rounded to the nearest Pounds Sterling.

The financial statements have been prepared under the historical cost convention. A summary of the more important accounting policies, which have been applied consistently throughout the year, are set out below.

GOING CONCERN

The directors note that the Company’s principal activity is employment and secondment of staff and that its focus is not on profit generation. The Company incurs expenses that are not all fully recoverable hence its operating model is a loss-making one. The directors have assessed that the COVID-19 does not have an impact on the Company. In mid-March 2020, the Company implemented social distancing measures taking account the public health advice. Whilst the Company has remained operational throughout the COVID-19 lockdown, the directors have requested and received confirmation in writing from the ultimate parent entity that it will provide the necessary financial support to the Company to continue to meet its financial commitments for at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements are prepared on a going concern basis.

The second lockdown in January 2021, once again saw the implementation of social distancing measures as case numbers and hospitalisations increased exponentially. Services to the public remained uninterrupted throughout the lockdown periods by utilising both established and new working processes which allowed the Company to continue its electricity production services.

TURNOVER

Turnover represents the value of the services it provides for the production of electricity, together with the amounts reimbursed in relation to employees seconded to HMGoG and Aquagib Limited.

DEBTORS AND CREDITORS

Debtors and creditors with no stated interest rate and receivable or payable within one year are measured at the transaction price. Any losses arising from impairment are recognised in the profit and loss.

TANGIBLE ASSETS AND DEPRECIATION

The Company's tangible assets pertain to its purchased generators which are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life of 10 years.

Gibraltar Mechanical and Electrical Services Limited

PRINCIPAL ACCOUNTING POLICIES

for the year ended 31 December 2018

TAXATION

Current taxation

Current taxation is provided for on the basis of tax rates and tax laws that have been enacted or substantially enacted at the year-end date.

PENSIONS

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

Gibraltar Mechanical and Electrical Services Limited
NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2018

1. OPERATING LOSS	<i>2018</i>	<i>2017</i>
	£	£
Operating loss is stated after charging:		
Depreciation	149,006	149,006
Audit fees	7,500	7,500
Accounting fees	750	750
Tax fees	500	500
	<u> </u>	<u> </u>
 2. TAXATION		
	<i>2018</i>	<i>2017</i>
	£	£
<i>Current tax:</i>		
Gibraltar corporation tax at 10% (2017: 10%)	-	-
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
<i>Factors affecting the total tax charge:</i>		
The tax assessed for the period is lower than (2017: lower than) the standard rate of corporation tax in Gibraltar of 10%.		
Loss on ordinary activities before taxation	(208,540)	(246,282)
	<u> </u>	<u> </u>
Loss on ordinary activities multiplied by the standard rate in Gibraltar of 10%	(20,854)	(24,628)
<i>Effects of:</i>		
Expenses not deductible for tax	10	-
Difference between depreciation and capital allowance	1,722	1
Tax losses not utilised in current period	19,122	24,627
Total tax expense	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
 3. TURNOVER		
	<i>2018</i>	<i>2017</i>
	£	£
Electricity production income	39,895,713	36,680,965
Reimbursement of salaries related to seconded employees to HMGoG	671,967	656,836
Reimbursement of salaries of seconded employees to AquaGib Limited	480,519	418,014
	<u> </u>	<u> </u>
	<u>41,048,199</u>	<u>37,755,815</u>
	<u> </u>	<u> </u>

Gibraltar Mechanical and Electrical Services Limited

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2018

4. DIRECT COSTS	2018	2017
	£	£
Fuel and oil	22,174,568	17,721,294
Hire of equipment	9,517,947	10,290,215
Production costs	5,915,035	6,480,512
Salaries and wages	1,758,153	1,704,373
Depreciation expense	149,006	149,006
Administration fee expense	6,000	6,000
	<u>39,520,709</u>	<u>36,351,400</u>

5. ADMINISTRATIVE EXPENSES	2018	2017
	£	£
Salaries and wages	1,207,877	1,125,957
Security and safety equipment	155,567	96,138
Repairs	136,110	183,379
Legal and professional fees	52,405	34,267
Service contracts	51,128	31,600
Insurance	46,122	56,149
Office expenses	39,913	33,239
Customs duty	32,159	74,380
Utilities expense	4,077	4,325
Audit fees	7,500	7,500
Miscellaneous expenses	2,327	3,208
	<u>1,735,185</u>	<u>1,650,142</u>

6. STAFF COST	2018	2017
	No.	No.
The average number of persons employed by the Company during the year was:		
Electricity production	34	34
Seconded employees to HMGoG	13	13
Seconded employees to Aquagib Limited	4	4
	<u>51</u>	<u>51</u>

Gibraltar Mechanical and Electrical Services Limited

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2018

6. STAFF COST (continued)

	2018	2017
	£	£
Staff costs for above persons:		
Wages and salaries	2,491,638	2,306,237
Social security costs	96,368	135,862
Pension costs	378,024	388,231
	<u>2,966,030</u>	<u>2,830,330</u>

The pension cost charge represents contributions payable by the Company. There are no contributions payable at the year-end and the comparative year.

7. TANGIBLE ASSETS

	<i>Generators</i>
	£
<i>Cost</i>	
At 1 January 2018	1,490,064
Additions	-
At 31 December 2018	<u>1,490,064</u>
<i>Depreciation</i>	
At 1 January 2018	960,425
Charge for the year	149,006
At 31 December 2018	<u>1,109,431</u>
<i>Net book value</i>	
At 31 December 2018	<u>380,633</u>
At 31 December 2017	<u>529,639</u>

8. DEBTORS

	2018	2017
	£	£
Trade debtors	6,770,111	7,358,426
Amounts due from related parties	361,808	355,272
Corporate tax debtor	2,000	2,000
	<u>7,133,919</u>	<u>7,715,698</u>

Amounts due from related parties are unsecured, interest free and due and repayable on demand.

Gibraltar Mechanical and Electrical Services Limited
NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2018

9. CREDITORS: amounts falling due and payable within one year

	2018	2017
	£	£
Trade creditors	161,338	41,058
Amounts due to related parties	5,602,626	5,616,117
Accruals	2,057,859	2,686,893
	<u>7,821,823</u>	<u>8,344,068</u>

Amounts due to related parties are unsecured, interest free and due and repayable on demand.

10. SHARE CAPITAL

	2018	2017
	£	£
Authorised:		
1,500,000 ordinary shares of £1 each	1,500,000	1,500,000
Allotted, called-up and fully paid:		
1,500,000 ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>

11. RELATED PARTY TRANSACTIONS AND BALANCES

	2018		2017	
	Income/ (Expense)	Debtor/ (Creditor)	Income/ (Expense)	Debtor/ (Creditor)
	£	£	£	£
<i>Entities with control, joint control or significant influence over the entity</i>				
HMGoG				
Reimbursements	671,967	-	656,836	-
Advances	-	(723,982)	-	(737,473)
Deposits	-	9,387	-	2,851
Gibraltar Investment (Holdings) Limited				
Loans	-	(4,878,644)	-	(4,878,644)
<i>Entity under common ownership</i>				
ES Limited				
Due from ES Limited	-	352,421	-	352,421
<i>Entity under common control</i>				
Gibraltar Electricity Authority				
Electricity production income	36,539,877	-	32,653,512	-
Trade debtors	-	5,722,689	-	6,112,035
<i>Other related party</i>				
Aquagib Limited				
Reimbursements	<u>480,519</u>	<u>-</u>	<u>418,014</u>	<u>-</u>

Gibraltar Mechanical and Electrical Services Limited
NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2018

11. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

Key management personnel

The directors do not receive emoluments from the Company for their services as directors.

12. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate parent undertaking is Gibraltar Investment (Holdings) Limited, a company registered in Gibraltar. The ultimate controlling party is HM Government of Gibraltar.

13. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

	2018	2017
	£	£
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Trade debtors	6,770,111	7,358,426
Amounts due from related parties	361,808	355,272
	<u>7,131,919</u>	<u>7,713,698</u>
<i>Financial liabilities that are debt instruments measured at amortised cost</i>		
Trade creditors	161,338	41,058
Amounts due to related parties	5,602,626	5,616,117
Accruals	2,057,859	2,686,893
	<u>7,821,823</u>	<u>8,344,068</u>

Included in the statement of comprehensive income are the following amounts per category of financial instruments:

	2018	2017
	£	£
Financial liabilities that are debt instruments measured at amortised cost	845	555
	<u>845</u>	<u>555</u>

Gibraltar Mechanical and Electrical Services Limited
NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2018

14. EVENTS AFTER THE END OF THE REPORTING PERIOD

The directors note that the Company's principal activity is employment and secondment of staff and that its focus is not on profit generation. The Company incurs expenses that are not all fully recoverable hence its operating model is a loss-making one. The directors have assessed that the COVID-19 does not have an impact on the Company. In mid-March 2020, the Company implemented social distancing measures taking account the public health advice. Whilst the Company has remained operational throughout the COVID-19 lockdown, the directors have requested and received confirmation in writing from the ultimate parent entity that it will provide the necessary financial support to the Company to continue to meet its financial commitments for at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements are prepared on a going concern basis.

The second lockdown in January 2021, once again saw the implementation of social distancing measures as case numbers and hospitalisations increased exponentially. Services to the public remained uninterrupted throughout the lockdown periods by utilising both established and new working processes which allowed the Company to continue its electricity production services.

There have been no other events subsequent to the balance sheet date that require adjustment or disclosure in the financial statements.